

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

In re: )  
 ) Case No. 09-B-29024  
ARENA FOOTBALL LEAGUE, LLC, ) Chapter 11  
 ) (Trustee Appointed)  
Debtor. )  
 ) Hon. Susan Pierson Sonderby

**NOTICE OF MOTION**

To: See Attached Service List

**PLEASE TAKE NOTICE** that on **Tuesday, November 17, 2009** at **10:00 AM**, or as soon thereafter as counsel may be heard, I shall appear before the Honorable Susan Pierson Sonderby, United States Bankruptcy Judge, in Courtroom 642 of the Everett McKinley Dirksen Federal Courthouse, 219 South Dearborn Street, Chicago, Illinois or before any other Bankruptcy Judge sitting in her place, for purposes of presenting the following Motion, a copy of which is attached hereto and served upon you:

**MOTION OF ALEX MOGLIA, SOLELY AS CHAPTER 11 TRUSTEE,  
TO APPROVE PROPOSED STALKING HORSE BIDDER**

ALEX D. MOGLIA, solely as chapter 11 Trustee,

/s/ Si-Yong Yi

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Counsel For The Trustee

**CERTIFICATE OF SERVICE**

I, Si-Yong Yi, an attorney, state that on November 6, 2009 pursuant to Local Rule 9013-3(D), that to the best of my knowledge, I caused the above-referenced Motion and Notice of Motion to be filed and served on all parties identified as Registrants on the service list below through the Court's Electronic Notice for Registrants and, as to all other parties on the service list below, via electronic mail, facsimile or First Class U.S. Mail to the address(es) as indicated on the attached service list.

#475352

/s/ Si-Yong Yi

**UNITED STATES BANKRUPTCY COURT  
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	)	Case No. 09-B-29024
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	)	(Trustee Appointed)
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	)	Hon. Susan Pierson Sonderby

**MOTION OF ALEX MOGLIA, SOLELY AS CHAPTER 11 TRUSTEE,  
TO APPROVE PROPOSED STALKING HORSE BIDDER**

Now comes, Alex D. Moglia, solely as the duly appointed Chapter 11 trustee herein (the “Trustee”), and respectfully moves this Court to approve Arena Football One, LLC as the Stalking Horse Bidder for substantially all of the Debtor’s assets (the “Motion”). In support hereof, the Trustee respectfully states as follows:

**JURISDICTION**

1. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§157 and 1334. This Motion is a core proceeding pursuant to 28 U.S.C. §157(b)(2)(A), (M), and (O).

2. Venue for proceedings on this Motion is proper in this district pursuant to 28 U.S.C. 1409(a).

**BACKGROUND**

3. On August 7, 2009, an involuntary petition was filed in this Court against the Debtor under chapter 7 of the Bankruptcy Code. On August 26, 2009, the Debtor consented to the entry of an order for relief under Chapter 11 of the Bankruptcy Code.

4. On October 20, 2009, an order was entered by this Court approving the appointment of Alex Moglia as the Trustee.

5. On October 16, 2009, the Trustee filed the Trustee's Emergency Motion For Entry Of An Order (A) Approving Bidding Procedures For The Sale Of Certain Of Debtor's Assets To The Highest And Best Bidder, (B) Scheduling An Auction And Hearing To Consider The Sale And Approve The Form And Manner Of Notice Related Thereto; (C) Establishing Procedures Relating To The Assumption And Assignment Of Certain Contracts, Including Notice Of Proposed Cure Amounts, And (D) Granting Related Relief ("Bid Procedures Motion").

6. On October 21, 2009, after a hearing and pursuant to the Bid Procedures Motion, this Court entered the Order Approving Bidding Procedures For The Sale Of Certain Of Debtor's Assets To The Highest And Best Bidder, Scheduling An Auction And Hearing To Consider The Sale And Approve The Form And Manner Of Notice Related Thereto, And Establishing Procedures Relating To The Assumption And Assignment Of Certain Contracts, Including Notice Of Proposed Cure Amounts ("Bid Procedures Order," a true and correct copy of which is attached as **Exhibit 1**).

#### **BASIS FOR RELIEF**

7. The Bid Procedures Order provides the Trustee with the authority to designate a Stalking Horse Bid and for Bidder Protection, subject to approval by the Court. That Order approved and incorporated by reference the Bidding Procedures attached as Exhibit 1 thereto, providing as follows on page 2 of Exhibit 1:

In the event that the Trustee, in his reasonable discretion, determines that it is necessary to agree to expense reimbursement (up to a cap of \$75,000) (the "Bidder Protection") in order to induce a Qualified Bidder to submit a Qualified Bid (as defined below) for all of the Listed Assets in the amount of \$2.5 million or more, the Trustee may by motion seek to designate that bid as the "Stalking Horse" bid for the Sale and obtain Bankruptcy Court approval for the Bidder Protection. Such Stalking Horse bid shall not be subject to a financing or due diligence contingency.

8. Through good faith arms-length negotiations, the Trustee has identified Arena Football One, LLC ("Arena Football One") as the proposed Stalking Horse Bidder. Arena Football One has: (a) executed Asset Purchase Agreement for a gross purchase price of \$2,500,000 (a true and correct copy attached hereto as **Exhibit 2**); (b) submitted a bid that is not subject to a financing contingency; (c) given satisfactory proof to the Bank and the Trustee of its ability to perform the Asset Purchase Agreement; and (d) wired \$500,000 to the Trustee's account. Verbal confirmation of that wire was given to the Trustee's counsel on Friday, November 06, 2009. However, as the Friday wire deadline has passed, funds are not expected to be received until Monday, November 9, 2009, by which time this motion will be on file and have been served. If the Trustee is not in receipt of such funds when the Motion is heard, he will not proceed with the hearing.

9. In addition, the Trustee proposes Stalking Horse protection contemplated in the Bid Procedures Order, including payment of actual expense not to exceed \$75,000 to Arena Football One; and (b) minimum bidding increments of \$100,000.

10. The Trustee has sound business justification for seeking approval of the Stalking Horse Bidder. The Trustee believes that it is in the best interests of the Debtor's estate to commence an auction process to maximize the value of the Debtor's estate. The Bidding Procedures are designed to encourage and stimulate competitive bidding among the qualified bidders in order to maximize the value for the Debtor's estate. The bid of the Stalking Horse Bidder will serve as a minimum bid and will induce other bids that otherwise would not have been made or otherwise would have been limited.

11. The proposed protections are reasonable under the circumstances and should be approved. *See, In re S.N.A. Nut Company*, 186 B.R. 98, 102 (Bankr. N.D. Ill. 1995) (examining

the reasonableness of breakup fees and explaining that bankruptcy courts should evaluate breakup fees under the best interests of the estate).

**NO PRIOR REQUEST**

12. No prior request for the relief sought in this Motion has been made by the Trustee to this or any other court.

**NOTICE OF THIS MOTION**

13. Notice of this Motion either has been or will be given to the following parties, or in lieu thereof, to their counsel, if known: (i) the Office of the United States Trustee; (ii) the Debtor's pre-petition and post-petition secured lenders, (iii) counsel for the Debtor and the Committee; and (iv) those persons who have requested notice pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure. The Trustee submits that, in light of the nature of the relief requested, no other or further notice need be given.

WHEREFORE, the Trustee respectfully requests that the Court enter an order, substantially in the form filed contemporaneously herewith, granting the relief requested in the Motion and such other and additional relief as this Court deems just and appropriate under the circumstances.

ALEX D. MOGLIA, solely as chapter 11 Trustee,

/s/ Si-Yong Yi

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Counsel for the Trustee

**CERTIFICATE OF SERVICE**

I, Si-Yong Yi, an attorney, state that on November 6, 2009 pursuant to Local Rule 9013-3(D), that to the best of my knowledge, I caused the above-referenced **MOTION OF ALEX MOGLIA, SOLELY AS CHAPTER 11 TRUSTEE, TO APPROVE PROPOSED STALKING HORSE BIDDER** to be filed and served on all parties identified as Registrants on the service list below through the Court's Electronic Notice for Registrants and, as to all other parties on the service list below, via electronic mail, facsimile or First Class U.S. Mail to the address(es) as indicated on the attached service list.

/s/ Si-Yong Yi

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**SERVICE LIST**

*In re: Arena Football League, LLC, Case No. 09-B-29024*

**Registrants in the Case:**  
**(Service Through ECF)**

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**Additional Parties**

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